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RUCNSAD/SOUTHERN AF DEVELOPMENT COMMUNITY COLLECTIVE
RUEHUJA/AMEMBASSY ABUJA 1856
RUEHAR/AMEMBASSY ACCRA 1787
RUEHDS/AMEMBASSY ADDIS ABABA 1913
RUEHRL/AMEMBASSY BERLIN 0492
RUEHBY/AMEMBASSY CANBERRA 1190
RUEHDK/AMEMBASSY DAKAR 1547
RUEHKM/AMEMBASSY KAMPALA 1969
RUEHNR/AMEMBASSY NAIROBI 4400
RHEHAAA/NSC WASHDC
RHMFISS/EUCOM POLAD VAIHINGEN GE
RUEHGV/USMISSION GENEVA 1040
RUFOADA/JAC MOLESWORTH RAF MOLESWORTH UK
RHEFDIA/DIA WASHDC

UNCLAS SECTION 01 OF 03 HARARE 000144

SIPDIS

AF/S FOR S.HILL
ADDIS ABABA FOR USAU
ADDIS ABABA FOR ACSS
NSC FOR SENIOR AFRICA DIRECTOR B.PITTMAN
TREASURY FOR J.RALYEA AND T.RAND
STATE PASS TO USAID FOR L.DOBBS AND E.LOKEN
COMMERCE FOR BECKY ERKUL

SIPDIS

E.O.12958: N/A
TAGS: [PGOV](#) [PREL](#) [ASEC](#) [PHUM](#) [ECON](#) [ZI](#)
SUBJECT: Zim Notes 02-22-2008

11. The Embassy Harare Political/Economic Section began producing Zim Notes in July, 2007 to present a perspective on current events in Zimbabwe. Suggestions are always welcome. If you would like to receive Zim Notes by email, as well, please contact Frances Chisholm at chisholmfm@state.gov. Distribution is restricted to U.S. government employees.

12. Price Movements-Exchange Rate and Selected products:

Parallel rate for cash soared to ZW\$14million:US\$1;
Bank transfer rate: Z\$18million;
Official rate: ZW\$30,000:US\$1
Sugar rose to Z\$19million/2kg vs. controlled price of Z\$8million/2kg
Cooking oil steady at Z\$20million/750ml vs. controlled price of Z\$9.3million/750ml
Petrol inched up to Z\$12million/liter and diesel is steady at Z\$10million/liter vs. controlled price of Z\$60,000/liter

On the Political/Social Front

13. Nomination Courts Meet for March 29 Elections... Nomination courts met on February 15 to accept nominating petitions for the March 29 elections. There are four candidates for president: Robert Mugabe, Morgan Tsvangirai, Simba Makoni, and a political unknown, Langton Tounanga. If no candidate receives more than 50 percent of the vote, a runoff will take place within 21 days of March 29. There are 730 candidates for 210 House of Assembly Seats and 60 Senate seats. (60 Senators are regularly elected; there are 33 additional Senators: 10 are provincial governors appointed by the president, the president and deputy president of the Council of Chiefs fill two positions, 16 are chiefs elected by special provincial electoral colleges, and two are selected by the president.) There are also 1,958 candidates for 57 rural councils and 28 urban councils. Unlike the presidential election,

Parliamentary (Senate and House of Assembly) and rural and urban council elections are decided by plurality.

¶4. The nominations revealed signs of potential trouble for ZANU-PF... Several party members, including Finance Minister Samuel Mumbengegwi, who were defeated in party primaries, registered as ZANU-PF candidates to oppose the party's official candidate. In Matabeleland, several prominent party members thought to be covert supporters of Makoni, including vice-president Joseph Msika, House of Assembly president John Nkomo, and Dumiso Dabengwa did not register as candidates. And about 70 individuals, presumably Makoni supporters, registered as independent candidates.

¶5. Mugabe Celebrates 84th Birthday... The February 21 issue of The Herald was a 44-page bumper issue including two eight-page supplements commemorating President Mugabe's 84th birthday and replete with congratulatory messages, mostly from ministries and struggling parastatals. In comparison, the previous day's issue had only 24 pages. Recently, government-owned Zimbabwe Newspapers announced a reduction in the size of its newspapers due to a shortage of newsprint.

¶6. On February 22, The Herald used an interview on the occasion of Mugabe's birthday as the basis of a banner headline, "President blasts Makoni...calls him a political prostitute."

¶7. ZANU-PF Youths Assault Members Of The Progressive Teachers' Union of Zimbabwe (PTUZ)... Nine PTUZ members were abducted in Harare on February 19 while distributing fliers for their "Save our Education" campaign. The teachers were taken inside the nearby ZANU-PF provincial headquarters and assaulted by five unidentified youths with clenched fists, iron rods, booted feet, and sticks. A female teacher was reportedly stripped naked. The victims'

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attorney, Tafadzwa Mugabe, told us the group was rescued by the police after an anonymous call, but then charged with unlawfully distributing fliers and placards in a public place. Some of the victims have been discharged from hospital and they may not be charged according to Mugabe. He said the police have apprehended two of the five assailants.

¶8. VOA Correspondent Detained Covering Anglican Church Dispute... Riot police detained VOA correspondent Fazila Mahommed on February 17 allegedly for failing to identify herself adequately while she was covering developments at Harare's Anglican Cathedral of St. Mary and All Saints. She was later released after the police confiscated her recorder. The Cathedral is at the center of a vicious feud between followers of former Bishop Nolbert Kunonga and Bishop Sebastian Bakare. Kunonga, an ally of President Mugabe, lost his priestly license after illegally separating from the Church in December. The Anglican Province of Central Africa appointed Bakare to replace him, and Kunonga promptly took the case to court. Pending legal resolution, the High Court has ordered Kunonga to share the Church premises with Bishop Sebastian Bakare. Violence occurred on Sunday when Kunonga refused entry to Bakare and his followers.

¶9. EU Renews Targeted Sanctions... The EU has renewed sanctions targeted against President Mugabe and his inner circle of government ministers, family members, ZANU-PF members, and quasi-government body heads until the 19th of February 2009. Key ruling-party figures may not travel to Europe and are subject to an asset freeze.

Economic and Business News

¶10. Zimbabwe Dollar In Free Fall... The local currency continues to fall precipitously on the parallel market on the back of increased demand for foreign exchange. The Zimbabwe dollar has lost over half its value in the past 10 days. The bank transfer rate has shot as high as Z\$20 million:US\$ for large sums. The RBZ appears to have re-entered the market in the search of foreign exchange to fund vital imports and other expenditures. We foresee no letup in the slide as export receipts fall far short of forex demand, and

external support is unavailable.

¶11. Official Inflation Figure Cracks 100,000 percent... For the third time in three weeks the Central Statistical Office (CSO) announced official inflation figures, once again breaking last year's pattern of silence on the cost of living. It reported a year-on-year inflation rate for the month of January of 100,580.2 percent, up from the December rate of 66,212.3 percent.

¶12. Price Hikes Erode Incomes... The Herald reported this week that the National Incomes and Pricing Commission (NIPC) has increased prices of basic commodities by over 2,000 percent since the New Year, but salaries have remained unchanged. Although official figures are yet to be published, the Poverty Datum Line (threshold for keeping a family of five afloat) is estimated at over Z\$300 million while the minimum monthly wage is still Z\$35 million. Most workers are earning less than Z\$100 million a month, according to the government newspaper.

¶13. Zimbabwe Registers Trade Deficit With U.S.... Zimbabwe slipped into a trade deficit with the U.S. for the first time in a decade, importing US\$105.2 million and exporting US\$71.8 million worth of goods to the U.S. in 2007. Bilateral trade volume continued its rising pattern of the past several years, increasing to US\$177 million, up from US\$98.3 million in 2003.

¶14. Grain Marketing Board (GMB) Ventures Into Dog Food... The Financial Gazette reported that as millers battle to secure grain from the GMB to produce Zimbabwe's staple mealie meal (maize flour),

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the parastatal has come up with "Doggy's Delight," a new maize-flour based dog food for export to generate foreign exchange earnings.

¶15. Corrigendum... As sharply as prices are rising here, the official price of a 10kg bag of mealie meal nevertheless rose "only" to Z\$9.6 million last week from Z\$189,000 - not to Z\$19.2 million as we mistakenly reported in last week's issue.

MCGEE